

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-12480 (LSS)

(Jointly Administered)

Re: Docket No. 1312

**RESERVATION OF RIGHTS OF JPMORGAN
CHASE BANK, N.A., AS PREPETITION ABL AGENT,
WITH RESPECT TO THE DEBTORS' EIGHTH AMENDED PLAN**

JPMorgan Chase Bank, N.A. (the “**Agent**”), in its capacity as administrative and collateral agent under the ABL Credit Agreement, hereby submits this reservation of rights (“**Reservation of Rights**”) with respect to the *Eighth Amended Joint Chapter 11 Plan of Franchise Group, Inc. and Its Debtor Affiliates* [Docket No. 1312] (the “**Plan**”),² and respectfully states as follows:

The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), B. Riley Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home and Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing, LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

² Capitalized but undefined terms used herein shall have the meanings ascribed to them in the Stipulation (as defined herein) or the Plan, as applicable.

RESERVATION OF RIGHTS

1. On April 2, 2025, the Debtors, the Agent, the Holders of Prepetition ABL Loan Claims (the “**ABL Lenders**”), and the Required Consenting First Lien Lenders entered into the *Joint Stipulation Regarding Treatment of Allowed Prepetition ABL Loan Claims and Consensual Exit ABL Facility* [Docket No. 1231-1] (the “**Stipulation**”).

2. Pursuant to the Stipulation, among other things: (a) the Debtors elected to pursue the consensual treatment of Prepetition ABL Loan Claims set forth in Section 5.3(a)(ii)(A) of the Plan (i.e., repayment from the proceeds of the consensual Exit ABL Facility), rather than the cram-down treatment contemplated by Section 5.3(a)(ii)(B), while reserving the right to make a “Cram-Down Election” (and pursue the cram-down treatment) in the event that the Prepetition ABL Lenders failed to negotiate definitive documentation for the Exit ABL Facility in good faith; and (b) the ABL Lenders agreed to vote to accept the Plan and opt in to the Third-Party Release contained therein “[s]o long as no Cram-Down Election has been made, and the Plan is otherwise in form and substance acceptable to the Prepetition ABL Agent and the Holders of the Prepetition ABL Claims.” *See* Stipulation ¶ 2. No Cram-Down Election has been made to date.

3. The Agent and the ABL Lenders support the Plan in its current form and have voted to accept the Plan and opt-in to the Third-Party Release. However, the Exit ABL Facility, including the definitive documentation relating thereto, remains subject to further negotiation. Although the ABL Lenders expect such negotiations to be successful, in the event they are not and a Cram-Down Election is subsequently made, or if the Plan is amended in a manner materially adverse to the ABL Lenders, the Agent reserves the right, on its own behalf and on behalf of the ABL Lenders, to object to the Plan, change or withdraw acceptance of the Plan, and to elect not to opt in to the Third-Party Release, in accordance with the terms of the Stipulation.

4. For the avoidance of doubt, the Agent, on behalf of itself and the ABL Lenders, also reserves all rights with respect to any and all issues contemplated by, but not resolved by, the Plan, including, without limitation: (a) the determination of American Freight Liquidation Proceeds and Cash Sale Proceeds resulting from the sale of ABL Priority Collateral, in accordance with Section 5.3(a)(i) of the Plan, and (b) the allowed amount of the ABL Lenders' Claims, in each case, under Section 5.3(a) of the Plan.

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Respectfully submitted,

Date: May 7, 2025
Wilmington, Delaware

/s/ Jeremy W. Ryan

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